

# Strategy & Brand

*Swiss Life offers its customers a long-term value proposition – so they can lead their life with self-determination and confidence.*

The Swiss Life Group is one of Europe's leading comprehensive life and pensions and financial solutions providers. Swiss Life's success is due to a clear strategy, the disciplined implementation of Group-wide programmes, a sound purpose and a charismatic brand.

## **Swiss Life addresses a fundamental need**

Swiss Life enables people to lead a self-determined life. In doing so, the company is helping to meet a fundamental human need: for independence and self-determination. Against the backdrop of demographic change and the individual's increasing personal responsibility for his or her own future provisions, Swiss Life's work will continue to grow in relevance.

Swiss Life's environment is heavily influenced by regulatory and political trends as well as socio-economic changes, such as increasing life expectancy. Results of market research performed by Swiss Life show that people find pensions a stressful topic. And most of them are aware that their financial security is largely up to them. In view of these developments, Swiss Life sees growth opportunities and differentiation potential on the market for pension solutions as well as in consulting.

## **Unique market position**

Swiss Life must address changing customer behaviour and consistently implement any findings from such study to actively and profitably exploit market opportunities. Customers are ever better informed; they are able to compare services immediately and demand new products and services. Swiss Life wants to best combine the strengths of its broad distribution networks and advisors with the opportunities of digital change. Swiss Life derives its "phygital approach," from this targeted combination of personal advice and digital support, which is described in more detail in the "Digitalisation" section on page 97.

With its core markets of Switzerland, France and Germany as well as the cross-border business of the International segment and the asset management business of Swiss Life Asset Managers, Swiss Life enjoys a very strong market position. With around 14 000 advisors, Swiss Life has proven advisory expertise and unique customer access.

Unique position in the life insurance sector	Dynamic asset management	Broad distribution networks	High earnings quality
<p>Market leader in Switzerland</p> <p>Attractive position in the private insurance sector in France</p> <p>Strong niche player in Germany and in the International division</p>	<p>Specialist expertise in asset and liability management and in risk management via asset management for the insurance business</p> <p>Rapidly growing third-party asset management</p> <p>Leading real estate manager in Europe</p>	<p>Strong network of owned IFAs especially in the Germany and International segments</p> <p>Major proprietary distribution in Switzerland</p> <p>Integrated multichannel distribution in France</p>	<p>Diversified profit sources with saving, risk, fee and cost result</p> <p>Around 30% of profit from operations stems from the fee business</p>

The Swiss Life product strategy is explained in the section on “Products, Services and Advice” from page 95. In view of its varied positioning in the relevant markets, Swiss Life uses a multi-local approach. Swiss Life also reports on strategic focuses and investments by individual divisions as part of its segment information.

### Three Group-wide programmes have been successfully implemented since 2009

Swiss Life has successfully completed its last three Group-wide programmes “Milestone” (financial targets for 2009–2012), “Swiss Life 2015” (2013–2015) and “Swiss Life 2018” (2016–2018). The company completed “Swiss Life 2018” when it presented the 2018 annual results and achieved all its goals – even exceeding most of them:

	2018 objectives setting	2018 annual results	Objectives achievement
Fee result	CHF 400–450 m	CHF 488 m	Exceeded
Risk result	CHF 350–400 m	CHF 410 m	Exceeded
Cumulative value of new business (2016–2018)	> CHF 750 m	CHF 1033 m	Exceeded
Stable operating costs	Stable	Stable	Achieved
Cumulative cash remittance to holding (2016–2018)	> CHF 1.5 bn.	CHF 1.9 bn.	Exceeded
Dividend payout ratio	30–50%	51%	Achieved
Return on equity	8–10%	9.1%	Achieved

Swiss Life regularly reports in detail on the current status of its strategic implementation, including during its annual and half-year reporting. The documents are always available at [www.swisslife.com](http://www.swisslife.com) under “Investors and Shareholders”.

### New financial objectives under “Swiss Life 2021”

At the end of November 2018 Swiss Life presented its latest Group-wide programme, “Swiss Life 2021”. It is based on our purpose and four strategic directions: the focus on preferred segments, the promotion of attractive offers, the steady improvement of customer relations and the continuing increase of productivity.



The Group-wide programme contains specific financial goals for the period from 2019 to 2021 in the areas of earnings quality and growth, operational efficiency and disciplined capital management.

#### Increased earnings quality

- Marked increase in the fee result, to between CHF 600 and 650 million by the end of 2021, around 50% more than in the previous Group-wide programme
- Increase in the risk result from CHF 400 to 450 million by the end of 2021, 10% more than in “Swiss Life 2018”
- Increase in cumulative value of new business (2019–2021) to over CHF 1.2 billion, 60% more than in the previous programme

### **Operational efficiency**

- Improvement of the efficiency ratio in the life business to below 40 basis points by the end of 2021
- In its owned IFAs, a distribution operating expense ratio below 25 percent by the end of 2021
- Cost/income ratio in third-party asset management of around 75 percent by the end of 2021

### **Capital management**

- Increase in cash remittance to the holding company to a cumulative value between CHF 2 and 2.25 billion (2019–2021)
- SST ambition range of 140 to 190%
- Increase in dividend payout ratio for the shareholders to 50–60% of profit
- From December 2018 to December 2019, the Group will implement a share buyback programme of CHF 1 billion.

### **“Swiss Life 2021” well underway**

Swiss Life made progress in implementing all strategic thrusts in 2019. With the fee result of CHF 553 million and the risk result of CHF 417 million, Swiss Life is on track in relation to the relevant targets up until 2021. And the value of new business increased last year by 45% to CHF 561 million. Swiss Life is also making good progress with its targets for operational efficiency: the life efficiency ratio stood at 41 basis points and the distribution operating expense ratio in the owned IFAs was 26%. In third-party business, the cost/income ratio improved to 84%. In capital management Swiss Life increased its cash remittance to the holding company by 8% to CHF 752 million. The payout ratio came to 53%. Swiss Life is thus on track to achieve all its financial objectives under the “Swiss Life 2021” Group-wide programme.

### **A charismatic brand**

The success of the Swiss Life brand results from a consistent brand strategy and management. On the basis of its corporate strategy and positioning as a provider of comprehensive life and pensions and financial solutions, the Swiss Life umbrella brand provides orientation and creates confidence.

The sub-brands are assigned to various levels in a clear brand hierarchy. The strategic management of the entire brand portfolio is an element of corporate communication. The brand hierarchy is under permanent review and adjustments are made regularly as needed.

While the umbrella and sub-brands are managed centrally, brand management for the level 3 brands Endorsement and 4 Individual brands is performed directly in the relevant divisions. There were no changes in the brand hierarchy in 2019.

Level 1 <b>Umbrella brand</b>		Swiss Life has a strong umbrella brand. As a rule, all products and services are offered under the umbrella brand.
Level 2 <b>Sub-brands</b>	   	Sub-brands emphasise the expertise of the umbrella brand in specific market segments. Swiss Life maintains a deliberately limited portfolio for individual sales channels.
Level 3 <b>Endorsement</b>	<p><i>Swiss Life Group</i></p>  <p><i>Member of Swiss Life Asset Managers</i></p>   	Brands with little relevance for core business and potential for a positive image transfer are at the third level. The umbrella brand or sub-brand serves as an additional textual identifier at this level.
Level 4 <b>Individual brands</b>	     	This is the repository for brands whose connection to the umbrella brand is potentially the source of conflict or are kept separate for strategic reasons. These brands have an independent existence without visible relation to the umbrella brand.

### Corporate identity & design

With its brand personality and clear corporate design guidelines, Swiss Life guarantees a standardised appearance at all brand contact points. The Swiss Life brand personality always centres on the customer: “We enable people to lead a self-determined life.”

The corporate design is derived from the brand personality and, in addition to ensuring recognisability, contributes to a uniform brand experience. Whether they are browsing the website, reading a brochure or looking at an advert, the stakeholder groups are to receive the same strong impression of Swiss Life at all contact points. The pictorial world is one of the key instruments in making the brand personality tangible for external and internal target groups. It differentiates Swiss Life from the competition and produces its robust recognition effect.

### **Brand identity**

In the home market of Switzerland, Swiss Life focuses on sports and cultural sponsorship in addition to classical advertising. For example, the company has sponsored the Swiss national football teams for over ten years. Swiss Life has been the main sponsor of the ZSC Lions ice hockey team for over four years and, since 2019, name sponsor of the Swiss Life Arena ice hockey stadium undergoing construction in Zurich. In the cultural arena, film is the cornerstone of its engagement: Swiss Life is the main sponsor of the Solothurn Film Festival for example.

In 2018, Swiss Life launched its first cross-divisional brand campaign in Switzerland. At the heart of the campaign is a connection between the Swiss Life logo and the private and corporate clients of Swiss Life Switzerland, the institutional clients of Swiss Life Asset Managers and the Group's stakeholders. The campaign continued in 2019 with over 30 new subjects and was also adapted for Swiss Life France and Asset Managers in France.

The success of the Swiss Life brand is constantly measured on the local front by independent institutes, which review brand awareness and perception. The findings garnered are continuously used for the development and adjustment of marketing measures.

### **Worldwide brand protection and assessment**

Swiss Life protects its brands around the world. It takes vigorous action in cases of brand or copyright infringement. Our customers can be sure that the Swiss Life logo and corporate name stand for Swiss Life quality and service wherever they appear.

Swiss Life also carries out regular internal studies of brand value, which demonstrate the development of the brand's value on the basis of a wide range of factors.